Gaming Policy and Enforcement Branch

Annual Report 2012-2013

BRITISH COLUMBIA

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LETTER OF TRANSMITTAL

I am pleased to submit to the British Columbia Legislature the 2012/13 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. The information in this report reflects the activities of the Branch between April 1, 2012 and March 31, 2013. During the period covered by this report, the branch was a part of the Ministry of Energy, Mines and Natural Gas.

GPEB regulates the gaming industry in British Columbia, including regulatory oversight of the British Columbia Lottery Corporation (BCLC). Its mandate is to ensure the integrity of gaming in the Province, and that the interests of the public are protected.

As technology continues to evolve, new challenges arise in the regulation of gaming. Casinos and community gaming centres are introducing new technologies into their venues, and online and mobile gambling continues to grow and advance. This fiscal year included the introduction of electronic 50/50 raffle ticketing systems, which posed unique challenges to the Branch in the certification and testing of equipment, and registration of gaming service providers. Flexible and creative approaches are required to address these and other changes to the industry to ensure that the same standards apply to all forms of gaming.

BCLC, GPEB and police forces also remain committed to deterring money laundering in British Columbia's gaming facilities by shifting the gaming industry away from its reliance on cash. In 2013/13 GPEB introduced internet transfers into British Columbia's gaming facilities and began accepting funds from U.S. banks. The main focus of the Province's Anti-Money Laundering (AML) strategy is to shift the gaming industry away from cash transactions, while ensuring that remaining cash transactions are appropriately analyzed.

Government continues to support the British Columbia horse racing industry through the British Columbia Horse Racing Industry Revitalization Initiative. For 2012/13, government's financial contribution was $7.0 million. The government-appointed British Columbia Horse Racing Industry Management Committee (HRIMC) continues to guide the industry in its effort to become financially stable and sustainable.

Government will continue to ensure the effective regulation of British Columbia's gaming industry and the protection of consumers and partners by working closely with GPEB management and staff to address these ongoing challenges.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2012/13 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2012 and March 31, 2013. I am responsible for the contents of this document, including the selection of accomplishments and the way in which they are reported.

GPEB's mandate is to ensure that gaming in British Columbia is conducted responsibly and with integrity. As such, our programs promote compliance with and enforce laws, regulations and standards, and support communities through charitable grants, education and treatment. GPEB ensures that gaming revenues are distributed to communities and used for their intended purpose, those in the gaming industry are appropriately vetted, suspected wrongdoing is investigated, and that help is available to anyone experiencing gambling related problems.

Over the fiscal year 2012/13, GPEB continued to work closely with the British Columbia Lottery Corporation (BCLC) to further strengthen the already effective measures to deter money-laundering in BC gaming facilities. The main focus of this strategy has been to encourage the use of alternative transaction methods, such as electronic funds transfers. In addition to these changes, GPEB increased the scope of its services in completing evaluations of electronic 50/50 ticketing systems. The Responsible and Problem Gambling Program continues to support those impacted by problem gambling.

Finally, I would like to recognize and thank all GPEB staff for their hard work and commitment to ensuring that gaming remains a sound and socially-responsible industry in British Columbia. I look forward to continuing to work closely with branch staff to ensure the effective regulation of the industry, and protection of consumers.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

MANDATE

Gaming Policy and Enforcement Branch (GPEB) regulates all gaming in British Columbia, ensures the integrity of gaming industry companies, people and equipment, and investigates allegations of wrongdoing. This includes regulatory oversight of the British Columbia Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), BC's horse racing industry, and licensed gaming events. The Branch also manages responsible and problem gambling programs and distributes gaming funds to community organizations and other recipients.

Horse racing in BC is conducted and managed by thoroughbred and standardbred associations, in conjunction with racetrack operator Great Canadian Gaming Corporation.

GPEB's work is guided by the provincial *Gaming Control Act*, the Criminal Code of Canada and other applicable laws, regulations, and policies.

GPEB's core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.

OUR VISION AND MISSION

Vision: Gaming is conducted responsibly and with integrity for the benefit of British Columbians.

Our mission is to ensure the integrity of gaming. Our programs promote compliance with and enforce public standards, laws and regulations, support communities through charitable licensing and grants, and provide public education on responsible gambling and treatment of those affected by problem gambling.

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

In British Columbia, gaming is a $2.7 billion/year industry.

During the past year, the gaming sector included:

- 10,000 people employed directly in the gaming industry;
- over 37,000 people employed directly and indirectly in gaming operations and support services; and
- over 10,000 licensed gaming events.

As at March 31, 2013, the commercial gaming industry included:

- provincial and national lottery games;
- PlayNow.com, with 265,000 registered users;
- 17 casinos, including 2 at horse race tracks;
- 19 community gaming centres;
- 7 commercial bingo halls;
- 5 horse racetracks; and
- 23 horse racing teletheatres.

In 2012/13, the regulation of gaming in British Columbia included:

- new and renewed registrations for:
  - 4,871 gaming workers,
  - 537 lottery retailers,
  - 261 senior officials and senior employees,
  - 830 horse racing workers, and
  - 51 gaming services providers, gaming equipment suppliers and ancillary service contractors.
- 747 gaming supplies certifications;
- 393 audits of licensed gaming events and organizations' use of gaming grant proceeds;
- audits of 15 casinos, 15 community gaming centres, four commercial bingo halls and three racetracks;
- 62 compliance audits of BCLC and gaming service providers regarding applicable public interest standards, directives, laws and regulations;
- inspections of 571 lottery retailers; and
- 127 eGaming investigations, 1,062 notifications of Suspicious Currency Transactions and an investigation to determine the prevalence of lottery products sold to minors.

STRATEGIC FOCUS AND SPECIAL PROJECTS 2012/13

Anti-Money-Laundering Strategy

The primary focus of the Anti-Money-Laundering Strategy is to shift British Columbia's gaming industry away from its reliance on cash brought in from outside gaming facilities.

In 2012/13, GPEB worked with BCLC and gaming services providers to evaluate options that allow patrons to access funds from within a gaming facility and directly from their banking institutions.

Funding options were expanded to include:

- internet transfer of funds, and
- funds from U.S. banks.

Existing measures include:

- providing Patron Gaming Fund accounts funded through financial institutions or through certified cheques, bank drafts, verified-win cheques and cheques issued by Canadian casinos;
- offering debit withdrawals at the casino cash cage; and
- providing a "cheque hold" system for high-volume players.

Horse Racing Revitalization

British Columbia's horse racing industry contributes approximately $350 million to the province's economy and directly employs approximately 10,000 people. However, over the last several decades, the industry has been in decline. As has been the case throughout North America, attendance and wagering revenues have dropped significantly in British Columbia.

DID YOU KNOW?

In 2012/13, 19 per cent of funded play in BC Gaming Facilities was generated through secure and traceable cash alternatives such as Electronic Funds Transfers, ATM withdrawals, drafts and other non-cash instruments.

In response to requests from the industry to help revitalize horse racing in BC, the Province created the BC Horse Racing Industry Management Committee (HRIMC) in November 2009. The committee includes leading horse racing industry and business experts, and its mandate is to provide strategic direction, decision-making and business leadership.

The HRIMC has focused on creating a sustainable and transparent business model that benefits the entire industry. To help drive its activities and decisions, the committee consulted with trainers, bettors, track employees, the track operator and other interested stakeholders throughout the province. The main areas targeted for improvement have been:

- governance,
- cost efficiencies in operations,
- new revenue initiatives, and
- marketing.

In 2012/13, the HRIMC began drafting a report to present a revised business case to create a sustainable horse racing industry in BC. The draft consultation report was released early in 2013/14. Under the Horse Racing Revitalization initiative, the HRIMC has:

- implemented an entirely new, simplified, transparent and accountable financial model and financial process which includes financial controls, reconciliation, reporting and audit;
- reconciled industry finances and stabilized industry funding by introducing non-deficit funding and eliminating industry debt;
- allocated set funding to each of the industry sectors and managed fluctuations to these allocations through the course of the year;
- implemented a structured approach to racing purses, days and seasons which uses performance measures to determine and manage these events;
- commenced initiatives to enhance both industry marketing and simulcast racing;
- significantly improved the relationship and communication between industry organizations;
- allocated set funding to each of the industry sectors for 2011, which includes an increased and consistent government grant to horse racing beginning in 2011;
- pursued an increased focus on improving and growing the industry in the future;
- conducted extensive stakeholder consultations with breeders, owners, drivers, jockeys, grooms, trainers, host local governments and all other interested parties; and
- initiated the development of a long-term business strategy for the industry for presentation to the minister.

ENSURING CITIZENS AND COMMUNITIES ARE PROTECTED

Ensuring the Right People and Companies are Involved in Gaming

Every year, thousands of individuals and dozens of companies apply for gaming registration. GPEB's registration program helps to prevent unsuitable candidates from entering the gaming industry.

Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check, credit check, and in some cases an interview to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and regulations.

In 2012/13, the total volume of new registrants and renewals increased. As eGaming expands, so does the challenge of determining who is required to be registered as a gaming service provider.

Electronic raffle ticketing systems track and collect raffle purchases wirelessly through mobile, handheld devices. These devices produce 50/50 raffle tickets for players to participate in draws. The introduction of electronic 50/50 ticketing systems resulted in unique challenges for the Division in 2012/13 in assessing the need for the certification and testing of this equipment. The Division successfully completed all necessary evaluation of this technology and the electronic 50/50 systems are now used to assist charitable organizations in raising revenue.

There are three different kinds of registration: Corporate, personnel and lottery retailers.

Corporate Registration

The Corporate Registration Unit scrutinizes businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming equipment (e.g., slot machines, automatic shufflers). Corporate registration also registers other service providers, such as gaming consultants, ticket rafflers, security and ancillary services, including food and janitorial services provided at gaming facilities.

Personnel Registration

The Personnel Registration Unit registers all individuals involved in the gaming industry, except lottery retailers. This includes all people directly involved in the industry (e.g., casino, bingo and horse racing workers), as well as those indirectly involved (e.g., BCLC and GPEB employees).

DID YOU KNOW?

In British Columbia all lottery ticket outlets must be registered with the Gaming Policy and Enforcement Branch.

DID YOU KNOW?

Before the *Gaming Control Act* and Regulation came into effect in 2002, six different entities were responsible for the regulation and management of gaming in the province:

- Gaming Policy Secretariat
- British Columbia Lottery Corporation
- B.C. Gaming Commission
- B.C. Racing Commission
- Gaming Audit and Investigations Office (GAIO)
- Problem Gambling Program

These entities resided in a number of government ministries and operated under the authority of four separate pieces of provincial legislation and corresponding regulations, including:

- *Lottery Act* (1996)
- *Lottery Corporation Act*
- *Horse Racing Act* (1996)
- *Horse Racing Tax Act* (1996)

Together, this legislation covered only a portion of the authority provided in the current *Gaming Control Act* and Regulation.

Registration of Lottery Retailers

In response to allegations of lottery retailer fraud in Ontario in 2006/07, GPEB began registering lottery retailers in 2007. As at March 31, 2013, there were 3,765 lottery retail outlets in the province, all managed by lottery retailers registered with GPEB. The Branch continues to look at ways to make the registration system more efficient, while maintaining the integrity of lottery operations. See Appendix A, Table 1 for further Registration Figures.

Summary of Refusals, Revocations and Cancellations

Every year, GPEB refuses a number of registrations for a variety of reasons including failure to pass a criminal record check, disclose outstanding criminal charges, or provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act*, GPEB's progressive disciplinary process will address these concerns. Based on the severity of the transgression, GPEB may issue a sanction, warning or suspension, or it may cancel registration altogether. See Appendix A, Table 2 for a Summary of Revocations and Cancellations.

Ensuring Gaming Supplies are Fair

Gaming supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling software.

Before being able to operate in the live environment, all gaming equipment used in the Province of British Columbia must be tested to the applicable requirements set forth in GPEB's technical gaming standards. GPEB's Certification and Game Integrity Unit (CGIU) establishes and maintains these technical gaming standards to ensure gaming supplies that are used in commercial or charitable environments:

- operate fairly,
- are safe and secure,
- deliver the stated odds of winning, and
- are capable of being audited.

All gaming supplies are tested in accredited testing facilities (ATF's), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gaming supplies for use in British Columbia's gaming venues.

This fiscal year, GPEB began regulating electronic raffle systems used by charitable licensees. CGIU created a technical standard, assisted with registering the service providers, and certified the technical integrity of each new electronic raffle system installation.

GPEB investigates player complaints and all reports of malfunctioning gaming supplies including issues with lottery products, internet gambling software and electronic raffle systems. In 2012/13, CGIU conducted 31 technical investigations related to the malfunction of a gaming supply or as a result of a player complaint.

Gaming supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gaming product no longer meets GPEB's technical standards.

Gaming supply malfunctions can also lead to a certification suspension or revocation, but revocations due to malfunctions are rare. Software upgrades account for the majority of revocations.

Gaming supplies for which certification has been suspended or revoked must be removed from the gaming floor or from the Playnow.com website until they are repaired, modified or upgraded. A new Certificate of Technical Integrity is required before the gaming supplies can be returned to service.

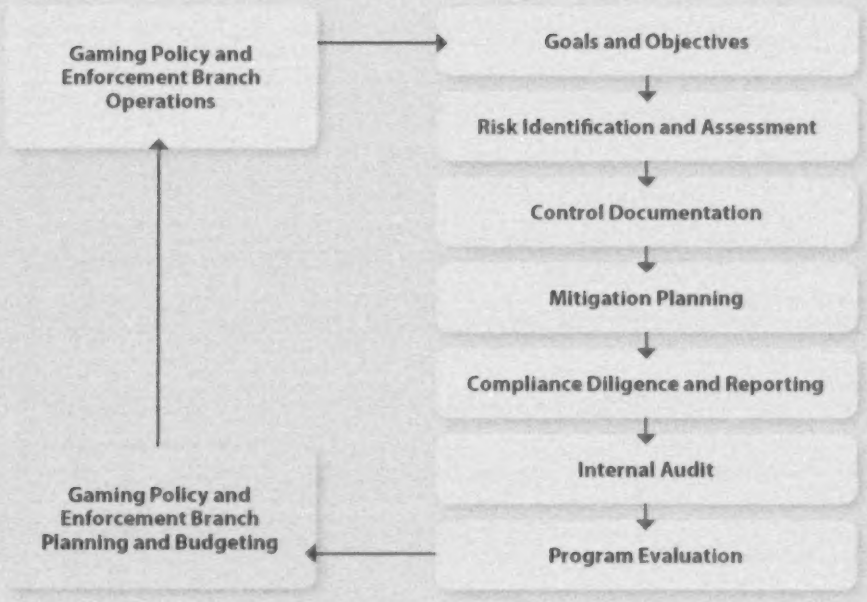
GPEB's CGIU makes recommendations to the General Manager where a request has been made to the Minister for the introduction of any new type of lottery scheme or for the use of any new technologies in the delivery of any lottery scheme. See Appendix A , Table 3 for Gaming Supplies Certifications.

Quality Assurance and Risk

The Quality Assurance and Risk Division is responsible for the development and maintenance of a strategic commitment, operations, risk and evaluation framework for the regulation of gaming in BC (also known as the SCORE framework). The division also monitors and reports on accountability and compliance with this framework, which includes a comprehensive approach for identifying, prioritizing and managing risks, and for identifying opportunities and processes to mitigate those risks within GPEB and the regulation of British Columbia's gaming industry as a whole.

Other responsibilities of this division include a business continuity program, staff whistleblower and public complaints programs and internal processes (such as the Employee Standards of Conduct annual update, privacy compliance and measuring and reporting on branch Strategic Plan commitments) to ensure the Branch fulfills its mandate and complies with government legislation.

SCORE Framework:



ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS

The Audit Program

The goal of the Audit and Compliance Division (ACD) program is to ensure regulatory compliance with the *Gaming Control Act*, Regulation, policies, directives and public interest standards to help maintain strong public confidence in gaming in BC. Compliance inspections and audits of the BC Lottery Corporation, gaming service providers, licensees and gaming grant recipients help to reduce the risk to public safety and gaming related assets.

ACD also promotes voluntary compliance with provincial gaming legislation through compliance enhancement education sessions for charitable organizations that conduct licensed gaming or receive gaming grants.

ACD has developed a five year Audit Plan that is updated each year. The plan outlines the five main areas that are audited:

1. BCLC's Overall Conduct and Management of All Forms of Gaming, including the Corporation's PlayNow.com website;
2. BCLC's Conduct and Management of Lottery Gaming;
3. BCLC's Conduct and Management of Commercial Gaming, including Casinos, Community Gaming Centres and Bingo Halls;
4. Horse Racing; and
5. Licensed Gaming and Community Gaming Grants.

DID YOU KNOW?

"Professional" and "helpful" are the most common words used by charitable organizations to describe the Audit and Compliance team.

The ACD has adopted and follows a risk-based audit approach that enhances the effectiveness of the audit program by allowing gaming facilities and licensees to be assessed individually for risk.

The ACD works closely with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to help combat money laundering at gaming facilities. A memorandum of understanding (MOU) was signed by both parties in 2004. The collaboration between the organizations continues to be refined and enhanced in an effort to develop stronger communication channels, sharing of information in appropriate circumstances and to assist GPEB and FINTRAC in meeting their regulatory mandates.

The Audit Division has two distinct work units: Commercial Gaming and Charitable Gaming.

Commercial Gaming Audit Unit

In 2012/13, the Commercial Gaming Audit Teams completed 62 audits of BCLC and gaming service providers, including:

- 37 casinos, bingo halls, community gaming centres and racetracks, and
- 25 audits of BCLC's conduct of gaming.

Commercial audit reports were issued within the target timeframe of 30 days of completion of audit field work 91 per cent of the time.

See Appendix A, Figure 1 for Commercial Gaming Audits by Category.

Audit and Compliance also completed 571 inspections of lottery retailers throughout the province to monitor compliance with provincial gaming legislation.

Charitable Gaming Audit Unit

In 2012/13, the Charitable Gaming Audit Team completed 393 audits and inspections of 307 charitable organizations around the province (see Appendix A, Figure 2 for a breakdown of charitable audits by sector):

- 53 per cent of the organizations were found to be moderately non-compliant with provincial gaming rules,
- 26 per cent of the organizations were found to be severely non-compliant with provincial gaming rules.

The high rate of non-compliance is due to audit resources being directed to organizations or gaming events that are assessed as being at high-risk of non-compliance. Audit findings are provided to the Licensing and Grants Division for consideration in future grant and licensing application decisions.

Charitable audit reports were issued within the target timeframe of 70 days of the start of audit field work 59 per cent of the time.

The audit findings for commercial gaming facilities and large-scale registered ticket raffles are available at: www.pssg.gov.bc.ca/gaming/reports/audits.htm

Enforce the Rules and Regulations of Horse Racing

GPEB's Horse Racing Division manages and regulates horse racing events in British Columbia, and licenses all participants in the industry. The Racing Division is also responsible for developing rules and policies to ensure the horse racing industry operates fairly and with integrity. The division revises the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia and meets regularly with industry stakeholders to address issues.

British Columbia's horse racing industry employs approximately 2,500 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. These individuals participate in approximately 200 days of live racing in the province each year. See Appendix A, Table 4 for British Columbia's Horse Racing Summary. In 2012/13, 830 horse race workers were either licensed for the first time or had their licences renewed. See Appendix A, Table 5 for Horse Race Wagering figures.

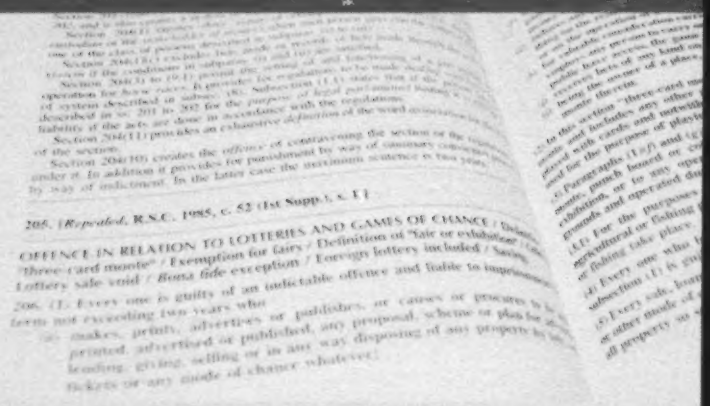
Racing Division staff are present at all five operating racetracks in the province. GPEB oversaw 1,429 races on 151 race dates at the four provincial tracks in operation during the 2012 season. GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. The Branch looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

In 2012, GPEB's stewards and judges issued a total of 192 rulings. Of these, 101 were for thoroughbred racing infractions (issued by stewards), and 91 were for standardbred racing infractions (issued by judges). See Appendix A, Tables 6A and 6B for Horse Racing Rulings.

GPEB also licenses 23 teletheatre sites in BC to present simulcast satellite broadcasts of horse races run at local, national and international tracks.

DID YOU KNOW?

Audit and Compliance visited over 100 cities to conduct inspections of lottery retailers in 2012/13.



Investigate Allegations of Wrongdoing Related to Gaming

To ensure the integrity of gaming in British Columbia, GPEB investigates all reported instances of real or suspected wrongdoing in gambling and horse racing. The primary role of the Investigations and Regional Operations Division is to investigate, or assist law enforcement agencies in investigating, reports of suspected criminal activity or regulatory infractions related to legal gaming and horse racing.

GPEB investigates and recommends for prosecution any appropriate gaming related offences under the *Criminal Code* of Canada. Under the *Gaming Control Act*, GPEB has the authority to prosecute, issue tickets, issue warnings and/or administer sanctions.

BCLC, service providers, licensees and registrants (including lottery retailers) are legally required to notify GPEB of any conduct, activity or incident that may be considered contrary to the *Criminal Code* of Canada, the *Gaming Control Act* or Regulations, that may affect the integrity of gaming. This includes incidents at gaming facilities, online/eGaming, charitable gaming and lottery retail outlets. Any other matters that may affect the integrity of gaming and horse racing must also be reported, including, but not limited to: cheating at play, theft, fraud, counterfeit, drugs, vandalism, suspicious currency transactions, money laundering, loan sharking, robberies, assaults and threats. In 2012/13, GPEB received 16,015 notifications of suspicious activity or suspected wrongdoing in legal gaming. (See Appendix A, Table 7 for Investigations Activity.) GPEB refers certain files to other regulatory and enforcement agencies when appropriate (e.g. organized crime, matters of violence and matters relevant to the police of jurisdiction, intelligence related to suspicious currency transactions). When the Investigations Division determines that further action is required, an investigation is undertaken. See table 7 for details on Investigation Activity Related to Real or Suspected Wrongdoing.

The most common reasons for an investigation not to lead to a sanction or charge are:

- lack of sufficient evidence,
- lack of an identified suspect,
- alternate resolution agreed by all interested parties,
- intelligence/information was provided to other policing entities for action, and
- not in the public interest to pursue.

GPEB investigators often work in conjunction with law enforcement agencies to investigate illegal gambling activities, such as unauthorized lottery schemes, gaming houses, loan sharking and money laundering. They also provide gaming expertise, proceeds-of-crime assistance and forensic investigation to law enforcement agencies throughout the province.

GPEB maintains strong relationships with the RCMP, municipal police departments, other policing authorities and regulatory enforcement agencies across jurisdictions. The Branch uses these working relationships to help identify trends in unlawful activity and to help gather and share intelligence concerning unlawful activity in gaming and horse racing.

In 2012/13, the Investigations and Regional Operations Division conducted gaming investigations using undercover minors, hired as agents by the Branch, to assist investigators in an effort to prevent Lottery Retailers from selling lottery products to minors. These investigations occurred throughout the Province and resulted in a number of Lottery Retailers and/or employees being charged under Section 89(3) of the *Gaming Control Act* – Sale of Lottery Tickets to a Minor. These enforcement actions are ongoing.

GPEB also conducted enforcement actions against lottery retailers relative to retailer integrity and the failure to redeem winning lottery tickets. These pro-active enforcement actions ensure that the overall integrity of gaming is upheld and that service providers are compliant with the *Gaming Control Act*.

SUPPORTING CITIZENS AND COMMUNITIES

Problem Gambling and Responsible Gambling Programs

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- create public awareness of risks associated with gambling,
- deliver gambling in a manner that encourages responsible gambling and informed choice, and
- provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Goal One: Creating Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to know their limit and play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2012/13, GPEB contracted 71 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the programs provide problem gambling prevention and responsible & recreational gambling education information. Participants also learn how to identify problem gambling behaviour, self-regulate their gambling behavior responsibly and where to access counselling for themselves or affected others.

The program also exposes gambling myths and discusses responsible gambling practices. In 2012/13, 3,886 presentations were offered to 129,060 people (up from 81,992 in 2011/12), including children/youth, high risk adults, general adult populations and allied professionals. This represents a 57 per cent increase over the previous year.

Goal Two: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in British Columbia. A total of 25 GameSense Advisors share responsible gambling information and practices with interested patrons and direct

anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program. Casinos and community gaming centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. A total of 43,823 individuals received information through the GameSense program in 2012/13.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

Appropriate Response Training

Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province issued Responsible Gambling Standards for the British Columbia Gaming Industry in 2005 to ensure that:

- minors are prevented from participating in gambling activities,
- patrons are equipped to make informed decisions regarding gambling,
- gambling-related risks are minimized, and
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gaming service providers, commercial gaming facilities and community organizations licensed to conduct charitable gaming events.

GPEB monitors BCLC, licensee and service provider gaming event advertising to ensure that it complies with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *informed choice* – proper use of the "Know your limit, play within it" tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning;
- *appropriate response* – ensuring gaming workers have received Appropriate Response Training;
- *responsible practices* – placing clocks in highly visible areas and other requirements;
- *financial transactions* – prominently displaying information describing payout policies and stating that credit will not be extended; and
- *Voluntary Self-exclusion Program* – having a fully operational program, readily available program information, and effective monitoring of gaming facilities for excluded individuals.

DID YOU KNOW?

The Responsible and Problem Gambling Program has no waitlists. Transportation costs are covered for attending day treatment and Discovery Program Counsellors will travel to the client.

Goal Three: Provide Treatment and Support to Those Impacted by Problem Gambling

In 2012/13, GPEB's 28 contracted clinical counsellors provided problem gambling counselling across British Columbia.

Funded by GPEB, problem gambling counselling and support services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations. There are no wait lists.

The 24-hour toll-free Problem Gambling Help Line can be reached at 1-888-795-6111. Operators provide crisis counselling and refer callers to various treatment and support services provided by the Province and allied professionals.

An intensive day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2012/13, 276 people participated in Discovery.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the Responsible Gambling Strategy Three-year Plan, available online at www.pssg.gov.bc.ca/gaming/reports/docs/plan-rg-three-yr-2011-2014.pdf

Responsible Gambling Awareness Month

Following the success of the first Responsible Gambling Awareness Month, which took place in Vernon in January 2012, GPEB and BCLC began planning to expand the event to other communities in British Columbia. The purpose was to raise awareness of responsible gambling practices and to connect people to community resources and services to address issues related to excessive gambling.

The event featured Responsible Gambling Awareness activities in Vernon, Kamloops, Prince George, Langley and southern Vancouver Island's Western Communities (View Royal, Langford and Colwood). Responsible Gambling Awareness Month in 2012/13 was comprised of five successive Responsible Gambling Awareness Weeks in each of the above communities.

Activities in each Responsible Gambling Awareness Week included:

- media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's Responsible and Problem Gambling program;
- trade show-style event with booths for BCLC, the Responsible and Problem Gambling program, service providers and community services;
- mobile "Myth-busting Kiosks" to travel to significant business and high traffic locations (malls, community centres, grocery stores, etc.) throughout each week;
- allied Professional Training; and
- sponsored community events, such as public skating.

Responsible Gambling Awareness Month is continuing on an annual basis. See Appendix A, Table 8 for BC Responsible and Problem Gambling Program Statistics.

Community Gaming Grants

Through the community gaming grant program, GPEB distributes funding to community organizations to support a wide array of programs and services across the province. Organizations receive funding based on their sector, the programs and services they deliver, and their financial need.

In 2011, responsibility for the community gaming grant program moved to the Ministry of Culture, Sport and Community Development. While grant eligibility and approval rests now with this ministry, GPEB is still responsible for managing all administrative functions related to the program, including financial oversight, audit, IT services and corporate support. The *Gaming Control Act* has been amended to enact this shared responsibility.

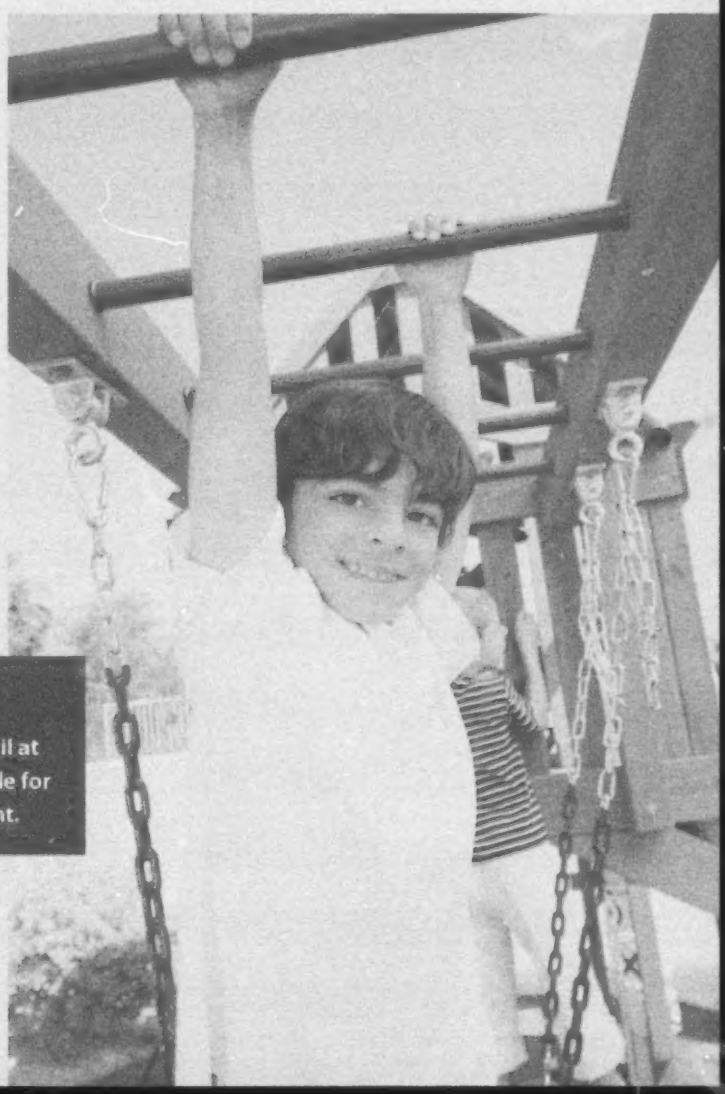
In 2012/13, GPEB distributed $135 million to approximately 5,300 non-profit organizations. Funds were distributed to organizations within the following six sectors:

- *Human and social services* – programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health, or enhancing opportunities for youth 18 years and under. Service clubs are included in this sector;
- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in British Columbia;
- *Art and culture* – programs that enhance the performing arts, media arts, visual arts, literature, heritage or culture in the community Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages;
- *Sport* – community-based youth and amateur sport programs that consist of organized and competitive physical activities;
- *Environment* – programs that enhance British Columbia's environment or protect the welfare of animals and wildlife; and
- *Parent Advisory Council (PAC)* and District Parent Advisory Council (DPAC). In 2012/13, PACs received $20 per student per year; DPACs received grants of $2,500 each year. PACs are required to use this funding to support extra-curricular activities for students. DPACs are required to use their grant funds to foster parental involvement in the school system.

See Appendix A, Table 9 for the Distribution of Community Gaming Grants.

DID YOU KNOW?

The Parent Advisory Council at your child's school is eligible for a Community Gaming Grant.



Gaming Licences

GPEB's Licensing and Grants Division issues gaming event licences to eligible community organizations throughout British Columbia that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gaming event, and are issued with the understanding that charitable organizations will also honour municipal by-laws. All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community.

In 2012/13, the Branch issued 10,120 licences to eligible organizations to conduct gaming events. In total, community organizations raised an estimated $35.2 million to support their projects and services.

One of GPEB's responsibilities is to ensure that charitable gaming events are conducted fairly and transparently. The Branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts regular audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the licence.

Gaming events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gaming licences—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Classes of Gaming Licences

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding $20,000.

Class A gaming events earned an estimated $22.2 million in 2012/13.

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to $20,000 in gross revenue.

Class B gaming events earned an estimated $9.4 million in 2012/13.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated $2.2 million in 2012/13. $1.8 million was earned through raffles.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to $5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money will be spent.

Class D gaming events earned an estimated $3.8 million in 2012/13.

See Appendix A, Table 10 for Charitable Gaming Licence Figures.

CORPORATE SERVICES

The Corporate Services Division provides support to all business units in GPEB and is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division:

- establishes industry-wide public interest standards;
- provides financial advice to GPEB's Executive;
- administers the Branch budget;
- makes payments on behalf of the Branch; and
- provides information and technology support to internal and external users of the Gaming Online System (GOS), the branch's online application system.

Policy

The policy team develops and maintains a fair, appropriate and transparent policy and regulatory framework for gaming and horse racing in British Columbia to help ensure the industry is conducted and managed fairly and with integrity. Areas of responsibility for the policy team include:

- supporting all business units within the Branch, the General Manager, Associate Deputy Minister, Deputy Minister and Minister;
- conducting policy analysis and advising the General Manager and Minister on broad policy, standards and regulatory issues;
- developing, managing and maintaining government's gaming legislation, regulations, policies, standards and directives;
- developing the Branch's Service Plan, Annual Report, and coordinating branch strategic planning;
- providing annual direction to BCLC by drafting the Government's Letter of Expectation between the Minister of Finance and BCLC; and
- managing communications, stakeholder relations and monitoring public opinion on gambling related issues.

IT Strategies

The IT team supports all business units in the Branch by providing daily support for GOS, the workstations, and internal and external facing websites.

The team meets GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT team also delivers specialized reports and provides the necessary management information to each division.

Financial Strategies

The finance team provides financial advice to the branch executive, administers the branch budget, manages facilities and makes grant and other payments on behalf of the branch. In 2012/13, finance paid out a total of $135 million in gaming grants.

Other payments made by GPEB finance include Horse Racing Betting fees, Host Local Government (HLG) and Community Gaming Centre fees, Development Assistance Compensation (DAC) fees, and payments to the Health Special Account (HSA). In 2012/13 GPEB completed approximately 170 Electronic Funds Transfers.

Horse Racing Betting Fees

Horse Racing Betting Fees are levies on bets made at horse racing events that are collected through Hastings Racetrack, Fraser Downs Racetrack and The Betting Company (TBC) Teletheater.

Each month, the Great Canadian Gaming Corporation (GCGC) and TBC send reports to GPEB detailing the amounts collected (4.5 per cent on triactor bets[1] and 2.5 per cent on other bets). These fees are then deposited to a GPEB bank account. Any balance in excess of the monthly regulatory fee of $156,500 is remitted back to the horse racing industry via the Horse Racing Industry Account, administered by the GCGC. At fiscal year end, the cumulative total of $1.88 million in monthly regulatory fees is transferred into the Consolidated Revenue Fund.

Host Local Government Payments

BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG where a casino or Community Gaming Centre operates. GPEB's finance team reviews the documents and calculations before entering the information into the Gaming Online System (GOS) for payments to be made to local governments.

Development Assistance Compensation

There are three municipalities in BC that have a DAC agreement – New Westminster, Penticton and Cranbrook. BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the three casinos in these locations. GPEB's finance division reviews these calculations and the audit team analyzes each municipality's eligible expenses for the period. The information is then entered into GOS for payments to be made to the municipalities.

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1 In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

DISTRIBUTION OF GAMING REVENUE

British Columbia generates commercial gaming revenue from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2012/13, commercial gaming in the province, excluding horse racing, grossed $2.7 billion. After prize payouts and expenses, government revenue from gaming totaled $1.13 billion. This revenue was used to support local communities, the horse racing industry, essential government programs and GPEB operations. As part of a revenue-sharing agreement between the federal and provincial governments, $9.2 million of lottery revenues was remitted to the federal government.

Local Communities

In 2012/13, the Province distributed $135 million in community gaming grants to approximately 5,300 community organizations.

Local governments that host casinos and/or community gaming centres receive 10 per cent of the net income generated by those gaming facilities. The HLG may use this funding for any purpose that benefits their community. In 2012/13, the Province paid $84.1 million in grants to 31 host local governments (a $1 million increase from 2011/12). An additional $22.1 million was paid to communities that host destination casinos. Since 1999, the BC government has distributed over $857.5 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives. For example, in 2012/13, several host local governments used gaming funds to enhance local infrastructure including a beautification strategy and implementation in Burnaby and Campbell River's downtown revitalization. This fiscal year, gaming funds also supported a number of community activities and recreation programs, including the Prince Rupert Library, Boys and Girls Clubs and the Scout Island Nature Centre in Williams Lake.

BC distributes the most government gaming revenue to non-profit and community organizations of any province in Canada.[2]

Horse Racing

Government provided $7.0 million to help revitalize the horse racing industry in British Columbia.

Essential Government Services

In 2012/13, $705.1 million was allocated to the Consolidated Revenue Fund of British Columbia to support social programs, primarily health care and

2 Canadian Partnership for Responsible Gambling (2013). *Canadian Gambling Digest* 2011-2012.

education. The Consolidated Revenue Fund is a fund into which all public money, aside from trust funds, is paid. The fund includes a general fund, as well as various special accounts. In the past 10 years, over $6 billion in gaming revenue has been directed to this fund.

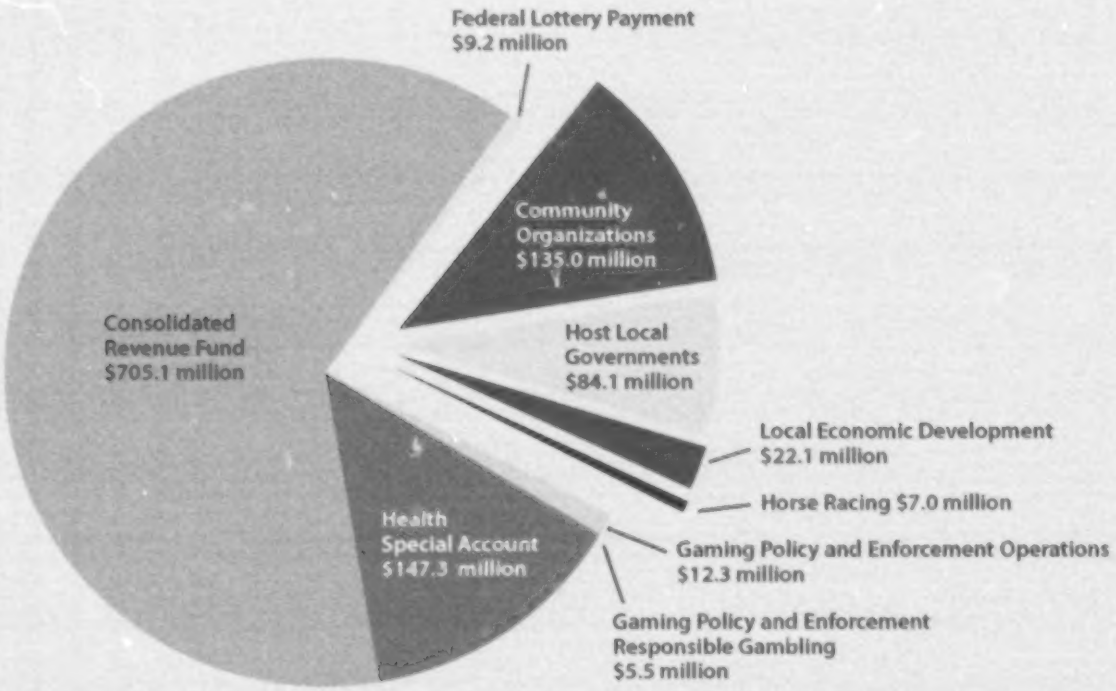
In 1992, the BC Government made a commitment to allocate revenue from the BC Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the HSA was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year. Since 2004, $147.3 million in gaming revenue has been directed to the HSA annually.

The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget. Since 1992, over $2.7 billion has been paid directly into this account.

Gaming Policy and Enforcement Branch Operations

In 2012/13, GPEB spent $17.8 million on the regulation of gaming, a decrease of $1 million from 2011/12. Core operating costs accounted for approximately $12.3 million; Responsible Gambling Strategy programs accounted for the other $5.5 million.

Distribution of Gaming Revenue, 2012/13



Total Gaming Revenue Distributed in 2012/13: $1.13 billion

APPENDICES

Appendix A: Figures and Tables

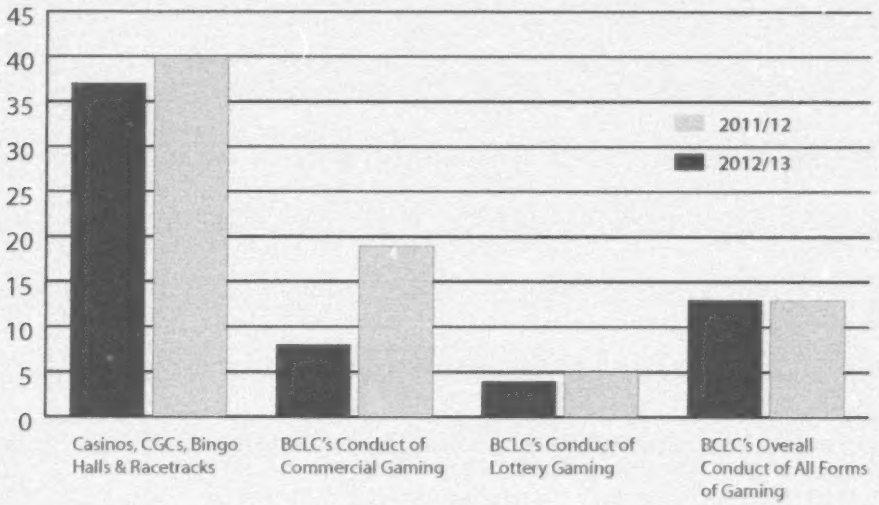


Figure 1: Number of Commercial Gaming Audits by Category

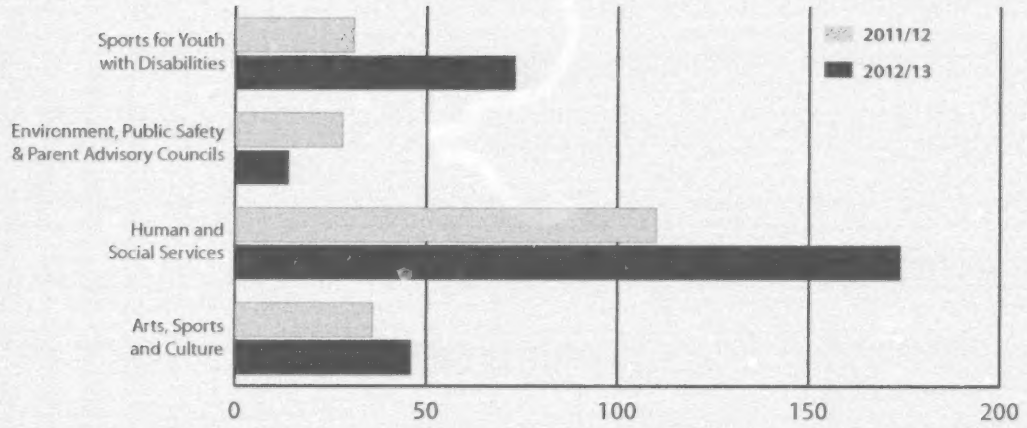


Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector

Table 1: Corporate and Personnel Registrations				
	2012/13		2011/12	
	NEW	RENEWAL	NEW	RENEWAL
Corporate Registrations				
Gaming Service Providers	10	17	8	8
Gaming Equipment Suppliers	6	7	11	7
Ancillary Service Contractors	5	6	14	11
Senior Officials and Senior Employees	114	147	133	76
Personnel Registrations				
Gaming Workers	3,139	1,732	3,200	1,581
Lottery Retail Managers	309	228	429	1,271
Horse Racing Workers	254	576	251	166
GPEB and BCLC Personnel	325	118	167	373

Registration gaming and horse racing workers is valid for a three year period. When registration is due for renewal there is an increase in renewals, as reflected under Lottery Retail Managers for 2011/12.

Table 2: Summary of Revocations and Cancellations						
	2012/13			2011/2012		
Types of Registration	DENIED	REVOKED	CEASED	DENIED	REVOKED	CEASED
Gaming Workers	41	41	2,650	32	29	2,966
Horse Racing Workers	4	4	-	2	3	-
Lottery Retail Managers	2	3	883	2	4	2,289
GPEB and BCLC Personnel	0	0	721	0	0	484

Table 3: Gaming Supplies Certification Decisions				
	2012/13		2011/2012	
Types of Certification	CERTIFICATIONS	REVOCATIONS	CERTIFICATIONS	REVOCATIONS
Pull-tab Lottery Tickets	10	0	15	0
Scratch & Win Lottery Tickets	47	0	58	0
eLottery (Playnow.com games)	117	5	26	6
Electronic Gaming Devices and Other Supplies	560	78	569	64
Table Games	13	0	-	-

2011/12 revocations for eLottery certification were games revoked as a result of technical issues with the initial launch of BCLC's casino-style games on PlayNow.com. These games were subsequently re-certified.

Table 4: British Columbia Horse Racing Summary						
	RACE DAYS		LIVE RACES		HORSES RAN	
	2012	2011	2012	2011	2012	2011
Thoroughbred						
Hastings Racecourse (Vancouver)	67	71	533	550	4,081	4,269
Sunflower Downs (Princeton)	2	2	13	14	57	65
Kin Park (Vernon)	3	2	15	10	71	61
TOTAL	**72**	**75**	**561**	**574**	**4,209**	**4,395**
Standardbred						
Standardbred Track (Surrey)	79	73	868	759	7,097	6,146

Table 5: Horse Race Wagering		
	2012	**2011**
Hastings Park (HP)		
HP Live Races	12,293,650	11,965,475
HP Simulcast Wagers	61,782,868	74,076,519
Total HP	**74,076,519**	**90,400,340**
Fraser Downs (FD)		
FD Live Races	3,313,244	2,703,588
FD Simulcast Wagers	37,616,665	25,895,480
Total FD	**40,929,910**	**28,599,069**
Sunflower Downs (SD)		
SD Live Races	28,932	41,745
Kin Park (KP)		
KP Live Races	48,298	42,310
Teletheatre BC		
Hastings Park Races	1,489,860	1,574,572
Fraser Downs Races	971,733	999,668
Wagers on Other Racetracks	46,546,307	50,047,352
Total Teletheatre BC	**49,007,900**	**52,621,592**
Total – All	**$164,091,560**	**$171,621,002**

Table 6A: Horse Racing Rulings – Standardbred		
	2012	**2011**
Whipping Violations	20	23
Racing or Driving Infractions Committed During a Race	37	43
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	11	8
Inappropriate Behaviour in the Backstretch Area of a Racetrack	10	8
Licensing or Registration Violations	3	5
Horses that Bled During a Race	1	1
Restoration of a Horse or Horse Racing Worker to Good Standing	4	11
Other Categories	5	7
Total Standardbred Rulings	**91**	**106**

Table 6B: Horse Racing Rulings – Thoroughbred		
	2012	**2011**
Racing or Riding Infractions Committed During a Race	27	22
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	20	14
Entering an Ineligible Horse	8	4
Inappropriate Behaviour in the Backstretch Area of a Racetrack	6	22
Licensing or Registration Violations	12	6
Horses that Bled During a Race	5	6
Restoration of a Horse or Horse Racing Worker to Good Standing	14	7
Other Categories	9	7
Total Standardbred Rulings	**101**	**88**

Table 7: Investigation Activity Related to Real or Suspected Wrongdoing

Types of Notifications	Notifications of Suspected Wrongdoing	Cleared Files									Ongoing/ Not Cleared
		Unfounded	Warning	GCA Admin (1)	GCA Charge (2)	CC Charge (3)	Intelligence (4)	Alternate Resolution (5)	Police Assistance (6)	Other (7)	
Theft	1,723	153	-	-	-	148	-	669	152	557	44
Assault	163	5	-	-	-	4	-	13	53	85	3
Threats	234	2	-	-	-	4	3	21	48	150	6
Fraud	253	56	-	-	-	24	-	41	19	107	6
Loan Sharking	6	1	-	-	-	-	3	-	1	1	-
Suspicious Currency Transactions/ Money Laundering	1,062	31	-	-	-	-	983	1	4	26	17
Cheat at Play	163	55	-	-	-	-	-	30	1	74	3
Counterfeit	232	2	-	-	-	-	223	1	3	3	-
GCA Violations	286	5	6	187	2	3	7	11	1	56	8
VSE Prohibited	6,772	-	-	-	-	-	6,772	-	-	-	-
Prohibited (Other)	1,846	2	-	-	1	-	1,829	-	2	11	1
Illegal Gaming	95	29	26	-	2	-	5	9	4	11	9
Unclassified	3,180	27	1	7	-	10	140	102	750	2,112	31
Total	**16,015**	**368**	**33**	**194**	**5**	**193**	**9,965**	**898**	**1,038**	**3,193**	**128**

1) "Administrative" are breaches of conditions of licenses or registration under the *Gaming Control Act*.
2) Charges by the Investigation Division requiring court appearance or Ticket Violation Notice with voluntary penalty under the *Gaming Control Act*.
3) Charges under the *Criminal Code* resulting from investigations conducted by the Investigation Division and/or assisting police of jurisdiction.
4) Includes correlating data on suspect individuals and groups and forwarding to police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC), maintaining data for future potential investigations (e.g. RCMP receive all compiled counterfeit bill and suspect data for inclusion on National Counterfeit Data Bank in Ottawa).
5) Service Providers, BCLC, or GPEB Investigations undertaking alternative measures to handle a matter i.e.: Integrated Voucher System ticket thefts where subject returns money from ticket taken/found.
6) Reports to GPEB where police of jurisdiction have been contacted / have attended / have investigated matter with the assistance of GPEB and/or Service Provider.
7) Includes files where there is insufficient evidence to lay charges. GPEB assists the police of jurisdiction on unrelated criminal matters, or if there are unidentified suspects.

Table 8: BC Responsible and Problem Gambling Program Statistics		
Program Figures	**2012**	**2011**
Calls Made to Help Line Specific to Problem Gambling	4,232	4,212
Referrals to Responsible & Problem Gambling Program	1,598	2,629
Clients Served	1,685	2,079
Number of Prevention and Outreach Sessions	3,886	3,504
Contracted Service Providers		
Clinical Counsellors	28	29
Prevention Service Providers	17	20
Provincial Coordinators	2	2
GameSense Advisors	25	16

Table 9: Distribution of Community Gaming Grants			
Sector	**Sub-Sector**	**2012/2013 Millions**	**2011/2012 Millions**
Human and Social Services	Community Service Organization	10.8	7.7
	Disadvantage Distress Poverty	23.8	25.9
	Public Community Facilities	4.0	4.2
	Public Health in the Community	12.2	11.1
	Community Education	11.5	11.9
	Enhancement of Youth	5.6	5.3
	Not Classified	-	0.3
Arts and Culture	Adult Arts and Culture	6.3	8.3
	Fairs, Festivals, Museums	5.0	4.0
	Youth Arts and Culture	4.4	5.0
Sports	Youth	25.0	26.9
	Adult	0.7	0.9
	People with Disabilities	1.4	0.6
Enhancement of Public Safety		6.9	7.0
Environment	Protection of Animals and Conservation of the Environment	2.8	2.6
Parent Advisory Councils and DPACs		11.7	11.9
Priority Programs One-Time Grants (1)		2.3	1.4
Multiculturalism Grants (2)		0.6	-
Total		**135.0**	**135.0**

1) Priority One Time Grants are provided to eligible organizations that may have a program, project or event that is non-recurring.

2) Multiculturalism grants were a one-time grant available in government fiscal year 2012/13 offered and funded by the Ministry of Finance and Minister Responsible for Multiculturalism. These grants are not considered gaming grants, but are shown in this report because they were administered by the Gaming Policy and Enforcement Branch.

Table 10: Charitable Gaming Events ($ Figures in Thousands)					
		2012/13		2011/12	
Licence Class	**Licence Type**	**Number**	**Net Revenue**	**Number**	**Net Revenue**
Class A	Minor Raffle	195	$3,653	200	$3,519
	Major Raffle	41	$2,411	34	$2,743
	Registered Raffle	22	$11,329	22	$9,604
	Independent Bingo	101	$2,501	105	$2,244
	Special Occasion Casino	-	-	1	10
	Total Class A Licences	**359**	**$19,894**	**362**	**$18,120**
Class B	Raffles	3,633	$8,853	3,861	$8,928
	Independent Bingo	111	$328	122	$332
	Wheels of Fortune	8	$6	15	$19
	Special Occasion Casino	31	$42	32	$35
	Poker	87	$150	114	$195
	Total Class B Licences	**3,870**	**$9,379**	**4,144**	**$9,509**
Class C	Raffles	3	$1,865	3	$2,013
	Independent Bingo	-	-	-	-
	Limited Casino	-	-	-	-
	Wheels of Fortune	3	$310	2	$363
	Total Class C Licences	**6**	**$2,175**	**5**	**$2,376**
Class D	Independent Bingo	116	$84	101	$84
	Raffles	5,769	$3,708	5,285	$3,253
	Total Class D Licences	**5,885**	**$3,792**	**5,386**	**$3,337**
Total – All Classes		**10,120**	**$35,240**	**9,897**	**$33,342**

Appendix B: Gaming Industry Legal and Operating Framework

Gaming in BC is regulated under the Criminal Code of Canada and the provincial *Gaming Control Act*. At the beginning of fiscal year 2012/13, responsibility for the regulation of gaming resided with the Ministry of Public Safety and Solicitor General, and was later transferred to the Ministry of Energy, Mines and Natural Gas on September 5, 2012. As of June 10, 2013, GPEB became a part of the Ministry of Finance.

The minister is not involved in decisions regarding individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating BC's Gaming Industry

The Gaming Policy and Enforcement Branch, which regulates gaming in BC, comprises seven divisions:

- *Corporate Services and Responsible Gambling* – responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. In addition, it provides financial advice to GPEB's Executive, administers the Branch budget, makes payments on behalf of the Branch, and provides information and technology support.
- *Licensing and Grants* – distributes grants to community organizations and issues gaming event licences to eligible organizations.
- *Racing* – regulates and manages horse racing.
- *Registration and Certification* – conducts financial and personal background checks on all gaming services providers and gaming workers and certifies all gaming equipment used in the province.
- *Audit and Compliance* – conducts compliance audits of BCLC, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.
- *Quality Assurance and Risk* – manages GPEB's strategic planning, quality assurance program, records management, freedom of information requests and coordinates the Branch's risk management strategies.
- *Investigations and Regional Operations* – responsible for investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in BC

Conduct and Management of Gaming in BC

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. The Corporation is headed by a board of directors (appointed by the Lieutenant Governor on the recommendation of the Executive Council) and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses private companies to conduct and operate live horse racing events at five horse race tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with the *Gaming Control Act* and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government though the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in BC

Gaming Services Providers

The BC Lottery Corporation contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Service providers at gaming facilities must ensure all gaming employees are properly trained and that no one under 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services that are not directly related to gaming itself (e.g., landlords, janitorial services and concessionaires) to gaming operators.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (e.g., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 23 teletheatre locations in BC and Teletheatre BC (TBC) operates in 21 venues across the province. The remaining two teletheatres are operated by the Great Canadian Gaming Corporation and located at the Hastings Racecourse and Fraser Downs Racetracks.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may take place. New products, approaches, and forms of gaming must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

The following table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Appendix C: Gaming Permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		•	•						
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables				•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•		•	•	•				•
Licensed Charitable Gaming									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Bingo								•	•
Wheels of Fortune								•	•

Appendix D: Sources and Distribution of Revenues

Table A: Sources and Distribution of Gaming Revenues ($ Figures in Millions)		
	2012/2013	**2011/2012**
Revenue – In		
Lottery & eGaming	$298.2	$278.9
Casino & Community Gaming	$829.4	$828.5
Total Revenue	**$1,127.6**	**$1,107.4**
Disbursements – Out		
Supporting Communities		
Community Organizations	$135	$135
Payment to Host Local Government	$84.1	$81.3
Local Economic Development (DAC)	$22.1	$11.6
Horse Racing Purse Enhancements	$7.0	$10.0
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	$12.3	$13.2
Responsible and Problem Gambling Program	$5.5	$5.6
British Columbia Government Programs		
Health Special Account	$147.3	$147.3
Consolidated Revenue Fund	$705.1	$692.4
Government of Canada Transfer		
Under a Federal/Provincial/Territorial Agreement	$9.2	$9.2
Total Disbursements	**$1,127.6**	**$1,107.4**

Table B: Host Local Government Share of Gaming Revenues			
Name of Casino (CGC)	**Location**	**2012/2013**	**2011/2012**
Chances Abbotsford CGC	Abbotsford	$970,854	$904,774
Grand Villa Casino	Burnaby	$8,826,054	$9,365,899
Campbell River Chances CGC	Campbell River	$684,345	$687,490
Chances Castlegar CGC	Castlegar	$452,049	$283,428
Chances Chilliwack	Chilliwack	$496,262	-
Boulevard Casino	Coquitlam	$7,386,268	$7,501,627
Chances Courtenay	Courtenay	$835,117	$802,261
Chances Cowichan CGC	Duncan	$734,271	$784,409
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	$1,178,631	$1,365,120
Chances Dawson Creek CGC	Dawson Creek	$831,192	$839,806
Chances Fort St. John	Fort St. John	$947,307	$969,606
Lake City Casino	Kamloops	$1,818,789	$1,992,004
Chances Kamloops CGC	Kamloops	$659,251	$541,918
Lake City Casino	Kelowna	$1,732,799	$2,036,332
Chances Kelowna CGC	Kelowna	$1,967,902	$1,584,608
Playtime Gaming CGC	Langley	$129,598	$132,254
Langley Casino	Langley	$5,793,005	$5,875,236
Maple Ridge CGC	Maple Ridge	$820,220	$786,696
Chances Boardwalk CGC	Mission	$625,471	$645,946
Nanaimo Casino	Nanaimo	$2,431,137	$2,350,384
Starlight Casino	New Westminster	$5,701,452	$5,780,230
Lake City Casino	Pentiction	$1,594,350	$1,682,935
Changes Rim Rock	Port Alberni	$426,859	$449,781

Table B: Host Local Government Share of Gaming Revenues Continued			
Name of Casino (CGC)	**Location**	**2012/2013**	**2011/2012**
Treasure Cove Casino	Prince George	$2,662,415	$2,627,265
Chances Prince Rupert CGC	Prince Rupert	$424,801	$403,647
Billy Barker Casino	Quesnel	$500,409	$519,955
River Rock Casino	Richmond	$15,701,188	$14,803,715
Chances Boardwalk	Squamish	$237,150	$230,631
Fraser Downs Racetrack	Surrey	$2,997,760	$2,887,900
Newton CGC	Surrey	$187,726	-
Chances Terrace	Terrace	$625,577	$560,756
Edgewater Casino	Vancouver	$6,084, 757	$5,821,565
Hastings Racetrack	Vancouver	$1,214,567	$1,270,554
Lake City Casino	Vernon	$2,000,788	$1,947,770
View Royal Casino (1)	View Royal	$4,142,755	$4,196,788
Signal Point CGC	Williams Lake	$579,212	$579,705
Total Local Government Share		**$84,371,314**	**$83,133,003**

1) View Royal shares the Host Local Government payments with Sooke, Colwood, Langford, Metchosin, Esquimalt and the Highlands.

Appendix E: Branch Operating Budget and Expenditures

	2012/13	2011/12
Branch Budget		
Core Operations	$13,638,000	13,907,000
Responsible Gambling Program	$4,506,000	$4,453,000
Total Branch Budget	**$18,144,000**	**$18,360,000**
Branch Expenditures		
Core Operations		
Salaries and Benefits Costs	$11,112,402	$11,362,646
Operating and Business Expenses (Including Legal and Professional Services)	$1,196,788	$1,886,761
Sub total	**$12, 309,190**	**$13,249,407**
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	$254,732	$268,363
Operating and Business Expenses (Including Legal and Professional Services)	$419,139	$391,360
Contracts	$4, 795, 726	$4,934,790
Sub total	**$5,469,597**	**$5,594,513**
Total Branch Expenditures	**$17,778,787**	**$18,843,920**
Surplus/(Deficit)	**$365,213**	**$(483,920)**

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